



Higher Education Summary

Governor Gregoire's Proposed 2005-07 Operating Budget

March 21, 2005

Overview

- Total proposed State General Fund expenditures are \$25.8 billion and total available resources are \$26.0 billion. The remaining balance is \$200 million.
- The budget proposes \$1.4 billion in cuts, savings, and fund shifts. For example, it would:
 - Delay increases in pension contributions plus other pension policy changes - \$524 million
 - Transfer funds from other accounts to the General Fund - \$244 million
 - Reduce the "Working Capital Reserve" - \$100 million
 - Limit cost-of-living increases to suppliers of social services - \$97 million
 - Make cuts to state government administration - \$66 million
 - Transfer higher education facilities maintenance costs to the capital budget - \$68 million
- Two tax changes are proposed that will raise \$203 million in new revenue:
 - Reinstate a tax on non-farm estates valued at more than \$2 million - \$129 million
 - Increase the cigarette tax by 20 cents a pack - \$73 million

Higher Education

- The governor is proposing a net of \$178 million in policy enhancements for higher education, of which \$89 million are non-employee related policy enhancements and \$119 million are employee salary and health benefit adjustments. The budget also would reduce spending by \$30 million due to employee pension changes.
- Resident undergraduate tuition may increase by up to 5 percent each year at the public four-year institutions and up to 3 percent each year at the community and technical colleges. Additional tuition revenues are to be used to help the institutions attract and retain high-quality faculty and staff, reduce class sizes, and expand research and scholarly opportunities for students.

- Funding for the State Need Grant, State Work Study, Washington Scholars, and WAVE are enhanced to reflect proposed tuition increases. Enough funding is provided to these programs to hold students harmless from the tuition increases. The maximum annual Promise Scholarship amount is raised to \$1,200 per student.
- The budget proposes an increase of 6,633 full-time equivalent enrollment increases during the 2005-07 biennium, with 3,543 for the public two-year colleges and 3,090 for the public four-year institutions:
 - This enrollment level is intended to maintain the current participation rate.
 - These increases are meant to be in addition to current enrollments and are not to be used to fund students currently enrolled.
 - 100 of the community and technical college enrollments are for high-demand programs.
 - 200 of the four-year enrollments are for high-demand programs to be awarded by the HECB, with 100 earmarked for each year of the biennium.
 - 200 of the enrollments are for lower-division programs at WSU Vancouver (UW Tacoma is also slated to become a four-year institution and the campus will begin enrolling lower-division students in the 2007-09 biennium).
 - 32 of the enrollments are for the veterinary medicine program at WSU.
 - \$30 million of the tax package described above pays for 2,800 of these enrollments.
- Cost-of-living adjustments of 3.2 percent on July 1, 2005 and 1.6 percent on July 1, 2006 are made for faculty and staff; but CTC faculty and selected staff covered by the Initiative 732 cost-of-living adjustments are to receive 1.2 percent in 2005 and 1.7 percent in 2006.
- Given the increase in total core funding per student that results from the employee compensation increases and the tuition increases, the institutions are asked to show demonstrable progress toward achieving selected performance goals in such items as:
 - For the four-year institutions:
 - Time to degree
 - Access to low-income students
 - Freshman retention
 - Quality of degree programs
 - Quality of research programs
 - Preparing students for the workforce
 - For the two-year institutions:
 - The number of academic students who are eligible to transfer
 - The number of students prepared for work
 - The number of students who demonstrate substantive skill gain

- In the category of specific program improvements, the budget proposes \$4 million for adult basic education enhancements (SBCTC); \$2.4 million for life science research (UW); \$2.0 million for veterinary medicine (WSU); and \$500,000 each for UW Tacoma and WSU Vancouver for lower-division planning.
- Two items of interest to the HECB that were not included in the governor's recommendation are the statewide transfer advising system (\$1.6 million) and the student-level data system (\$500,000).
- The governor's education finance study is funded at \$1.7 million, including about \$1 million for consultants.

2005-07 Higher Education Operating Budget Proposals

March 21, 2005

(dollars in millions)

	<u>HECB (Dec.)</u>	<u>Gov. Gregoire</u>	
CURRENT BIENNium	\$2,697.6	\$2,692.9	
MAINTENANCE LEVEL (amount necessary to continue current services)	\$2,862.2	\$2,847.9	
PERFORMANCE CHANGES:			
Allocating Student Enrollments			
<i>SBCTC</i> : 6,300 total FTEs over two years -- 5,000 general enrollments (\$5,400 per FTE) and 1,300 high-demand/apprenticeship enrollments (\$6,900 per FTE)	\$54.0	\$25.9	<i>SBCTC</i> : 3,543 total FTEs over two years including 100 high-demand enrollments (funded at \$5,000 per FTE)
<i>4-years (General)</i> : 5,600 total FTEs over two years -- 4,400 undergraduates (\$6,303 per FTE) and 1,200 graduate students (average of \$15,000 per FTE), including \$2.0 million for WSU veterinary medicine	\$84.1	\$27.1	<i>4-years</i> : 2,890 FTEs over two years -- 1,328 at CWU, EWU, TESC, and WWU (\$5,500 plus per FTE); 1,530 at UW and WSU main campuses and branches (\$6,200 plus per FTE) plus another 32 for WSU veterinary medicine
<i>4-years (high-demand)</i> : 1,000 FTEs (\$11,000 per FTE)	\$16.5	\$3.4	<i>4-years (high-demand)</i> : 200 FTES (\$11,000 per FTE)
Salaries & Benefits			
<i>COLAs for all staff</i> : 3.2% in FY06 and 1.6% in FY07	\$97.0	\$115.4	Includes both salary and health benefit adjustments
<i>Other</i> : (4-years) \$15 million for recruitment/retention; (CTC) \$15 million for part-time faculty salaries	\$30.0	\$3.6	CTC faculty increments and part-time faculty equity
Expanding Student Financial Aid			
<i>State Need Grant</i> : Adjust awards to keep pace with 7% tuition increases; cover unserved students	\$75.2	\$23.1	<i>State Need Grant</i> : Adjust awards to keep pace with tuition increases of 5% at 4-years and 3% at 2-years
<i>State Work Study</i> : Adjust for increased costs and partially restore to historic service level	\$3.9	\$2.8	<i>State Work Study</i> : Keep pace with tuition increases
<i>Educational Opportunity Grant</i> : Increase participation	\$0.5		
<i>Promise Scholarship</i> : Set award at \$1,400 per year	\$3.5	\$0.6	<i>Promise Scholarship</i> : Increase maximum award to \$1,200 per year
<i>Washington Scholars/WAVE</i> : Cover 7% tuition increases	\$0.7	\$0.4	<i>Washington Scholars/WAVE</i> : Maintain awards at 100% of tuition
<i>Financial Aid for Low-income Full-time Workers</i> (New pilot program)	\$2.0		

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Special Program Improvements

Research (UW and WSU)	\$20.5	\$2.4	Life science research at UW only
Adult Basic Education (SBCTC)	\$10.0	\$4.0	
Helping Transfer Students Earn Bachelor's Degrees (HECB)	\$1.6		
Measuring Student Success with Improved Data System	\$0.5		
Lower-division planning funds (UWT and WSUV)		\$1.0	
Lidded grant compensation costs (WSU)		\$0.3	

Other

Maintenance & Operations - General Fund Reduction		(\$15.0)	
Maintenance & Operations - Education Construction Account		\$15.0	
Pension Method Change		(\$29.8)	
General Inflation		(\$2.1)	

TOTAL PERFORMANCE CHANGES

\$400.0	\$178.1
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TOTAL PROPOSED BUDGET

\$3,262.2	\$3,026.0
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PERCENTAGE INCREASE (2005-07 OVER 2003-05)

21%	12%
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